

## Calendar No. 330

106TH CONGRESS }  
*1st Session* }

SENATE

{ REPORT  
106-195

### HOOVER DAM MISCELLANEOUS SALES ACT

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OCTOBER 18, 1999.—Ordered to be printed

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Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, submitted the following

### REPORT

[To accompany S. 1275]

The Committee on Energy and Natural Resources, to which was referred the bill (S. 1275) to authorize the Secretary of the Interior to produce and sell products and to sell publications relating to the Hoover Dam, and to deposit revenues generated from the sales into the Colorado River Dam fund, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

#### PURPOSE OF THE MEASURE

The purpose of S. 1275 is to authorize the Bureau of Reclamation to produce items, such as books, maps, brochures, memorabilia, and other commemorative items related to the Hoover Dam, for sale in the Hoover Visitor Center, and to use revenues from those sales to defray Hoover Visitor Center construction costs.

#### BACKGROUND AND NEED

Since the Hoover Dam Visitor Center opened in June 1995, it has had more than one million visitors annually and there has been a significant demand for maps, publications, memorabilia, photographs, and videos. There is also interest in the minting and sale of commemorative coins and other memorabilia that could be made from high-grade excess copper that came from the electrical cabinet and boxes which were used when the Dam was manually operated. Since the Dam is now operated by computer, these cabinets and boxes are no longer needed. It is estimated that 4 to 5 tons of copper are available.

After a review of the pertinent laws and regulations, the Bureau of Reclamation (Reclamation) determined that it lacked the authority to produce and sell such items. S. 1275 is designed to serve two purposes: (1) meet visitor demand for such items; and (2) create a revenue source to help repay the cost of constructing the Visitor Center.

The cost of the Hoover Dam Visitor Center, authorized in the 1984 Hoover Power Plant Act (P.L. 98-381), has been the subject of much criticism. Reclamation's 1983 estimate for construction was \$32 million. The total cost, in 1994 dollars, with interest during construction (IDC), is estimated to be in excess of \$122 million. The Office of Inspector General (Audit Report No. 94-I-915) attributed about \$10 million of the cost increase to inflation and the remaining increase primarily to the use of inadequate, cost estimates and to changes in the scope of the program since it was authorized.

Despite the significant increase in costs, Reclamation management failed to highlight these increases and take corrective action to mitigate them during the early years of construction. Reclamation relied, instead, on the fact that the cost increases did not exceed the Congressionally authorized appropriation ceiling.

The Inspector General recommended three actions to mitigate the effect of the increased costs on the Hoover Dam power contractors, who are required by law to repay the Visitor Center construction costs. Reclamation is to pursue all reasonable efforts to generate sufficient revenues from direct facility beneficiaries, such as visitors and concession operators, to not only pay the operation and maintenance costs of the facilities, but to also repay the capital costs and IDC costs in excess of the 1983 cost estimate, as indexed in October 1994 cost levels.

In addition, Reclamation has initiated a partnership process with the Western Area Power Administration and the Hoover Dam power customers to ensure that Hoover Dam power rates and expenditures continue to be provided at the lowest cost levels consistent with sound business practices.

#### LEGISLATIVE HISTORY

Senator Kyl introduced S. 1275 on June 24, 1999 and a hearing was held in the Water and Power Subcommittee on July 28, 1999. At the business meeting on September 22, 1999, the Committee on Energy and Natural Resources ordered S. 1275 favorably reported.

#### COMMITTEE RECOMMENDATIONS AND TABULATION OF VOTES

The Committee on Energy and Natural Resources, in open business session on September 22, 1999, by a unanimous voice vote of a quorum present, recommends that the Senate pass S. 1275.

#### SUMMARY OF THE MEASURE

S. 1275 would authorize the Secretary of the Interior to produce and sell educational and commemorative items at the Hoover Dam Visitors Center. These items shall be related to programs or projects of the Bureau of Reclamation and all revenues, minus specified costs, shall be transferred to the general fund in repayment of construction costs at the Hoover Dam Visitor Center.

## COST AND BUDGETARY CONSIDERATIONS

The following estimate of the cost of this measure has been provided by the Congressional Budget Office:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, October 14, 1999.*

Hon. FRANK H. MURKOWSKI,  
*Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 1275, the Hoover Dam Miscellaneous Sales Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Mark Hadley.

Sincerely,

BARRY B. ANDERSON  
(For Dan L. Crippen, Director).

Enclosure.

## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

*S. 1275—Hoover Dam Miscellaneous Sales Act*

S. 1275 would allow the Bureau of Reclamation to sell memorabilia made from unneeded property and scrap materials from the Hoover Dam. The bill also would allow the bureau to sell publications related to its projects. Costs incurred to produce these items would be derived from the Colorado River Dam Fund and would be repaid from the proceeds from sales. Any sales profits would be credited toward the repayment of the cost of constructing the Hoover Dam Visitor Center. Under current law, purchasers of power from the Hoover Dam repay costs related to the center. CBO estimates that enactment of this bill would result in no net budget impact.

Amounts spent from and deposited into the Colorado River Dam fund are classified as discretionary spending. According to the Bureau of Reclamation, sales of memorabilia and publications would yield profits of about \$1 million annually over the 2000–2004 period, and negligible amounts in subsequent years. Because these collections would reduce the repayment obligation of power customers, CBO expects that collections from electricity sales (which are also classified as discretionary spending in this account) would be reduced by a corresponding amount. Because S. 1275 would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

S. 1275 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would have no significant impact on the budgets of state, local, or tribal governments.

The CBO staff contact is Mark Hadley. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

## REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(d) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out S. 1275. The bill is not a regulatory measure in the sense of imposing Government-established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy.

Little, if any, additional paperwork would result from the enactment of S. 1275, as ordered reported.

## EXECUTIVE COMMUNICATIONS

On July 19, 1999, the Committee on Energy and Natural Resources requested legislative reports from the Department of the Interior and the Office of Management and Budget setting forth Executive agency recommendations on S. 1275. These reports had not been received at the time the report on S. 1275 was filed. When the reports become available, the Chairman will request that they be printed in the Congressional Record for the advice of the Senate. The testimony provided by the Department of the Interior at the Subcommittee hearing follows:

STATEMENT OF STEVE RICHARDSON, CHIEF OF STAFF, U.S.  
BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

I am Steve Richardson, Chief of Staff of the U.S. Bureau of Reclamation. I appreciate the opportunity to provide the Administration's views on S. 1275, the Hoover Dam Miscellaneous Sales Act.

Since it opened in 1995, the Hoover Dam Visitor Center has served over one million visitors annually (including over 200,000 from other countries). Many of these visitors request educational materials and memorabilia to take home as a memento of their visits to the Hoover Dam. S. 1275 would authorize the Bureau of Reclamation (Reclamation) to produce publications and other educational materials about Hoover Dam; to sell these materials at the Hoover Dam Visitor Center; and to produce and sell memorabilia created from excess Hoover Dam material. Revenues generated from these sales would be used to repay costs associated with construction of the Visitor Center as well as ongoing operation and maintenance costs.

The Department supports this bill. S. 1275 will enable Reclamation to respond to the significant public demand from visitors to Hoover Dam for educational materials, and will allow the creative re-use of excess Dam material that otherwise would become surplus and therefore be disposed of as scrap. Additionally, sales authorized by this legislation are expected to generate revenues which would reduce the financial obligation of power users for debt repayment.

*Public demand for educational materials*

The millions of people who visit the Visitor Center at Hoover annually create a significant demand for information about the Hoover Dam. On a regular basis, we get requests for maps, brochures, posters, photographs, computer information discs, and videos. While Reclamation is often the sole source of this information, under current law we do not have the authority to produce or have these materials printed. If authorized by enactment of S. 1275, Reclamation proposes to open a bookstore or gift shop at the Visitor Center and to offer for sale government and academic press publications and other educational materials and memorabilia related to the Hoover Dam.

Currently, three vendors under the jurisdiction of the Nevada State Services for the Blind operate concessions at Hoover Dam. Under the provisions of the Randolph-Sheppard Act, these vendors are authorized to sell postcards and other souvenirs, but are not authorized to sell government publications nor academic press publications related to the Hoover Dam. Reclamation and the blind vendors have reached an agreement in concept to ensure that the materials to be sold at the Visitor Center bookstore will not be in competition with the materials sold at the vendors' outlets.

*New use for excess dam material*

Reclamation has an opportunity to produce truly unique Hoover Dam memorabilia by putting to new use some of the original copper used in construction of the power plant in the 1930's—material which became "excess" due to plant and switch yard modernization. The copper comes from two sources: the "bus gallery" within the power plant which contains the bus works and cabinets ("bus" work is a hard conduit for transmission of electricity), and the switch yards that were used before the transmission system was integrated into a common voltage as part of the Hoover uprate program. Since all Hoover generating units now have their voltage stepped to 230 kV, portions of the old 287 kV line were abandoned. The 287 kV line is somewhat unique in that it is a hollow copper line that was constructed using a tongue and groove spiral.

Under current law, Reclamation is not authorized to dispose of excess Government property (copper) except under the property disposal regulations. Under those regulations, excess copper is disposed of as scrap material. Sale of this excess copper as scrap material would likely bring in very little revenue. Although the price varies, excess copper is currently valued at less than \$1 per pound. Reclamation estimates about four to five tons of excess copper have become available as a result of modernization at Hoover Dam; the potential revenue from sale of this material as scrap would be around \$20,000.

In contrast, there is significant interest in the minting and sale of commemorative coins and other unique memo-

abilia. With an investment of \$1 million to produce the items, sales of memorabilia created from excess Hoover Dam copper could be expected to generate approximately \$5 million in revenues. Since revenues from sales would be applied toward debt reduction and other costs associated with operation of the Visitor Center, this authority would benefit not only tourists but power users as well.

*Reduce financial obligation of power users*

If authorized by this legislation, net revenues from the sale of publications and products such as maps and videos are estimated at between \$25,000 and \$75,000 annually. These revenues will assist in repaying the construction costs of the Visitor Center and Parking Structure, thereby reducing the financial obligation of power users. The revenues also will assist in paying for the operation, maintenance, and recovery costs associated with the delivery of guided tours at Hoover Dam and its power plant.

Mr. Chairman, the Department supports this legislation because it is a “win-win” all around. Visitors will benefit from the availability of on-site sales of materials they have requested. Power users will benefit, as revenues from sales are applied toward repayment of the Visitor Center construction debt and operations and maintenance. The current vendors will benefit from the opportunity to operate the bookstore.

The concludes my prepared testimony. I would to glad to answer any questions.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee notes that no changes in existing law are made by the bill S. 1275, as ordered reported.

